

Message Text

UNCLASSIFIED

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70

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01 OIC-04

DRC-01 /168 W

----- 125948

R 021548Z OCT 73

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 9668

UNCLAS BOGOTA 8119

E.O. 11652: N/A

TAGS: ETRD, CO

SUBJECT: EXPORT INCENTIVE SYSTEM MODIFIED

1. BEGIN SUMMARY: GOC HAS ISSUED DECREE, TO BE EFFECTIVE JAN 1, 1974, REDUCING INCIDENCE AND INCENTIVE VALUE OF TAX CREDIT CERTIFICATES (CAT) FOR EXPORTS. AT PRESENT MOST EXPORTS, OTHER THAN COFFEE AND PETROLEUM, EARN TAX CREDIT OF 15 P/C OF THEIR VALUE. OVERALL EFFECT LIKELY TO BE SLIGHT REDUCTION IN GROWTH OF COLOMBIA'S EXPORT EARNINGS AND SOME INCREASE IN TAX REVENUES. AGRICULTURAL SECTOR LESS HARD HIT THAN OTHERS, AND MAY EVEN HAVE SCORED NET GAIN. END SUMMARY.

2. MODIFICATIONS INCLUDE REDUCTION FROM 15 P/C TO 1 P/C FOR LUMBER, SKINS AND HIDES, PLATINUM, EMERALDS, DAIRY PRODUCTS, AND TROPICAL FAUNA. (INEXPLICABLE, GOLD APPARENTLY NOT AFFECTED BY REDUCTION). FOR GOODS IMPORTED FOR FURTHER PROCESSING AND REEXPORT. 15 P/C WILL ONLY APPLY TO TOTAL VALUE IF VALUE ADDED IN COLOMBIA REPRESENTS AT LEAST 40 P/C OF TOTAL; OTHERWISE 15 P/C WILL NO LONGER APPLY TO TOTAL VALUE BUT ONLY TO VALUE ADDED. THIRD MAJOR MODIFICATION
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AUTHORIZES GOC'S AGRICULTURAL MARKETING INSTITUTE (IDEMA)

TO SHARE CAT PROCEEDS WITH PRODUCERS, IN ACCORDANCE WITH INTERNATIONAL PRICE FLUCTUATIONS, FOR CATTLE, MEAT, COTTON, OILSEED CAKES, SUGAR, RICE AND OTHER AGRICULTURAL PRODUCTS. IDEMA WILL USE FUNDS THUS REALIZED TO ESTABLISH MINIMUM EXPORT PRICES FOR OTHER AGRICULTURAL PRODUCTS. FINALLY, CAT MATURITY EXTENDED FROM PRESENT 3-6 MONTHS TO ONE YEAR, REDUCING THEIR MARKETABLE VALUE.

3. DECREE ISSUED IN RECOGNITION OF CURRENT HEALTHY EXPORTS MARKETS, WHICH IN SOME CASES, SUCH AS HIDES AND DAIRY PRODUCTS, COMPETE UNFAIRLY AGAINST DOMESTIC MARKET WITH CAT ASSISTANCE RESULT SHOULD BE CREASE IN EXPORTS OF THESE PRODUCTS AND OF REEXPORTS WITH LITTLE VALUE ADDED IN COLOMBIA. LONGER MATURITY WILL REDUCE TO SOME DEGREE EXPORT INCENTIVE ACROSS THE BOARD. FISCAL EFFECT WILL DEPEND ON EXTENT TO WHICH EXPORTS CONTINUE DESPITE SHARP REDUCTION OF TAX CREDITS. EVENTUAL FUNCTIONING OF IDEMA CAT-SHARING SYSTEM LESS CLEAR, BUT SO LONG AS WORLD PRICES FOR MANY OF COLOMBIA'S AGRICULTURAL PRODUCTS REMAIN HIGH, IDEMA WILL APPARENTLY BE IN POSITION TO SUBSIDIZE EXPORTS OF LESS COMPETITIVE AGRICULTURAL PRODUCTS, PARTIALLY OFFSETTING EXPORT DISINCENTIVE EFFECT OF OTHER PARTS OF DECREE.

4. AIRGRAM WILL FOLLOW WHEN TEXT OF DECREE AVAILABLE.
WHITE

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CUSTOMS DUTIES, TRADE PROMOTION, EXPORT SUBSIDIES, EXPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BOGOTA08119
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BOGOTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731057/aaaabpvl.tel
Line Count: 86
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 10 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10-Dec-2001 by chappeld>; APPROVED <22 FEB 2002 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
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TAGS: ETRD, CO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005